

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007-1

SECOND NOTICE OF THE UNITED STATES POSTAL SERVICE
OF MINOR REVISIONS TO MATERIALS ACCOMPANYING ITS
FY 2007 ANNUAL COMPLIANCE REPORT -- ERRATA
(Items 10, 11)
(January 18, 2008)

The Postal Service filed its FY 2007 Annual Compliance Report on December 28, 2007, along with a large number of accompanying items. Minor revisions to some items were filed on January 16, and today similar revisions are being made in two other items. A (hopefully) final set of revisions will be filed early next week. For each item, the new CD-ROM provided completely replaces the original CD-ROM, as all files are included, even those which have not been revised.

USPS-FY07-10

In USPS-FY07-10 (Letter Cost Models), two changes have been made. First, in the file USPS-FY07-FCM Letters Costs Final.XLS, in the mail characteristics data appearing in tab "BY 07 MCS Letters" (which prints out as page 48 when the entire workbook is printed as a whole), the nonauto Presort Letters volumes were revised from 1,495,458,220 to 1,486,377,437. The effects of this change ripple through the FCM letter model, and ultimately show up in the FCM letter results appearing in the "New Summary" tab (page one), usually in the third decimal place (i.e., thousandths of a cent). The revised results are also reproduced in the FCM letter summary table

appearing on the penultimate page of the preface (Word) document. Hardcopy pages of the revised preface are also being provided. Second, in tab “SP NMACH SUM” (page 38), also in the FCM model, a negative sign was inadvertently left out from cells 9: B and 9:C. Reinserting the negative sign in both cells corrects miscalculations of Nonautomation and Nonmachinable Additional costs from 31.90 cents and 53.412 cents to 7.780 cents and 24.964 cents for cards and letters, respectively. This is a stand alone sheet, and the changes do not have an impact on the summary page.

USPS-FY07-11

Two types of revisions were made to USPS-FY07-11. The first type of revision adds supplemental material, which appears in a new folder called 1.18.08 Supplement. In that folder are two files:

Bundle Probabilities.doc: Write-up on PRC-LR-14 and Stralberg methodology. This describes corrections to multiple errors in calculation of bundle flows in the ‘Bundle Probabilities’ worksheet of sack_oao.xls and pallet_oao.xls, including cell reference errors, application of differential bundle breakage rates to inappropriate containers and subsequent bundle handlings and application of bundle breakage multiple times.

Error listing.xls: Summary of correction/changes between the PRC-LR-14 (R2006-1) and USPS-FY07-11. Although not a cell-by-cell comparison, it is the best available crosswalk between the two models. This file also indicates changes that were made/not made to the Hybrid model, FY07 ACR, and the replicate PRC model. The Hybrid model and the replicate PRC model are being filed separately today, in response to requests at the January 11 technical conference.

The second type of revision to USPS-FY07-11 is to correct small errors detected in the Periodicals model. The changes listed below were made, and the results now appear in file 'PER OC flats 07ACRv011608 errata.xls'. Changes in the ultimate Periodicals model output are reflected in the summary table for Periodicals, which appear in the summary tables in the preface (Word) file, including hardcopy.

1) Sheet: 'Bundle Probabilities', the errors are in cells P63-R63 and AF63-AH63 - the activity of 'Move OWC to Bundle sort'. For 3-D sacks and 3-D pallets, these are moved to the bundle sort as containers and not bundles. There should not be any cost for this activity, and parameters have been removed.

2) Sheets 'MADC', 'ADC', '3D', '5D' in rows 181 - 182 and columns - D, P, AB, AN. Corrected the use of appropriate productivity figure for the activity.

3) Sheets 'MADC', 'ADC', '3D', '5D' in row 180 and columns G, S, AE, AQ. Corrected the use of appropriate piggyback factors for the activity.

4) Sheet 'ADC', row 142 and columns - C, O, AA, AM and sheet - '3D', row 166 and columns - C, O, AA, AM. Removed the costs from the piece allied costs of "Movement of container to piece sort" because they were also included in bundle costs.

5) Sheet 'sack costs' rows - 32-33 and column R. Changed the piggyback factor from "Empty Equipment" to "Platform" to comply with the PRC model.

6) Sheet 'pallet costs' cell R23. Changed the piggyback factor from MODS 18

EEQMT to MODS 17 PLATFORM as appropriate for the activity.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

R. Andrew German
Managing Counsel, Legal Policy &
Ratemaking

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX -5402
January 18, 2008

**LIST OF MATERIALS
PROVIDED BY THE UNITED STATES POSTAL SERVICE
FOR PURPOSES OF THE
FISCAL YEAR 2007 ANNUAL COMPLIANCE REPORT**

Number

USPS-FY07-1	FY 2007 Cost and Revenue Analysis (CRA) Report (Hard copy & Excel)
USPS-FY07-2	FY 2007 Cost Segments and Components Report (Hard copy & Excel)
USPS-FY07-3	FY 2007 Discounts and Passthroughs of Workshare Items (Hard copy & electronic)
USPS-FY07-4	FY 2007 Market Dominant Billing Determinants (Hard copy & electronic)
USPS-FY07-5	FY 2007 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY07-6	FY 2007 CRA "B" Workpapers
USPS-FY07-7	Cost Segment 3 Cost Pools & Other Related Information (Revised 1/16/08)
USPS-FY07-8	Equipment and Facility Related Costs
USPS-FY07-9	Competitive Products Contribution Approximation Materials
USPS-FY07-10	FY 2007 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)(Revised 1/18/08)
USPS-FY07-11	FY 2007 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model (Revised 1/18/08)

USPS-FY07-12 Standard Mail Hybrid/Parcel Cost Study

USPS-FY07-13 FY 2007 Special Cost Studies Workpapers - Drop
Ship Cost Avoidances for Periodicals and Standard
Mail

USPS-FY07-14 Mail Characteristics Study

USPS-FY07-15 FY 2007 Special Cost Studies Workpapers - Parcels
Cost Models (Revised 1/16/08)

USPS-FY07-16 FY 2007 Special Cost Studies Workpapers - Bound
Printed Matter and Parcel Post Transportation Costs
/ Bulk Parcel Return Service Cost Study

USPS-FY07-17 FY 2007 Special Cost Studies Workpapers - Parcel
Post Regression Analysis

USPS-FY07-18 FY 2007 ECR Mail Processing Saturation Savings

USPS-FY07-19 FY 2007 Delivery Costs By Shape

USPS-FY07-20 FY 2007 Window Service Cost by Shape

USPS-FY07-21 FY 2007 QBRM Costs

USPS-FY07-22 FY 2007 Bound Printed Matter Mail Processing
Costs and Parcel Post Window Service Costs

USPS-FY07-23 MODS Productivity Data

USPS-FY07-24 FY 2007 Non-Operation Specific Piggyback Factors

USPS-FY07-25 FY 2007 Mail Processing Piggyback Factors
(Operation Specific)

USPS-FY07-26 FY 2007 Mail Processing Costs by Shape

- USPS-FY07-27 In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-28 City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-29 Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-30 Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD Rom)
- USPS-FY07-31 ACR Roadmap Document

BELOW ITEMS ARE DESIGNATED AS THE NONPUBLIC ANNEX:

- USPS-FY07-NP1 FY 2007 Competitive Product Billing Determinants

International Information

- USPS-FY07-NP2 FY 2007 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel) (Revised 1/16/08)
- USPS-FY07-NP3 FY 2007 International Cost Segments and Components Report (Hard Copy & Excel) (Revised 1/16/08)
- USPS-FY07-NP4 FY 2007 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes) (Revised 1/16/08)
- USPS-FY07-NP5 FY 2007 ICRA Overview/Technical Description

USPS-FY07-NP6	FY 2007 International Cost Segment Spreadsheets (Revised 1/16/08)
USPS-FY07-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools) (Revised 1/16/08)
USPS-FY07-NP8	FY 2007 International Billing Determinants
USPS-FY07-NP9	FY 2007 Miscellaneous International Data
USPS-FY07-NP10	FY 2007 ICM Data

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
January 18, 2008